

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
AND INDEPENDENT AUDITOR'S REVIEW REPORT

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

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**PKF****Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants****INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL
STATEMENTS****TO THE SHAREHOLDERS OF NAQI WATER COMPANY****INTRODUCTION**

We have reviewed the accompanying interim condensed statement of financial position of **Naqi Water Company ("the Company")** – A Saudi Joint Stock Company as at 30 September 2023, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and nine month periods then ended, and related interim condensed statements of changes in equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these Interim Condensed Financial Statements in accordance with International Accounting Standard (IAS 34), "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial information Performed by Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of Interim Condensed Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements is not prepared, in all material respects, in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTERS

The Company's financial statements for the year ended 31 December 2022, and the interim condensed financial statements for the three-month and nine-month periods ended 30 September 2022 were audited and reviewed by another auditor, who expressed an unmodified opinion and conclusion thereon dated 4 April 2023 corresponding to 13 Ramadan 1444 H. and 15 November 2022 corresponding to 21 Rabi' Al-thani 1444 H, respectively.

For Al-Bassam & Co.

Ahmed A. Mohandis
Certified Public Accountant
License No. (477)
Qassim: 28 Rabi' Al-thani 1445 H
Corresponding to: 12 November 2023



NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

(All expressed in Saudi riyal, unless otherwise specified)

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<u>ASSETS</u>			
Non current assets			
Property, plant and equipment,net	5	137,887,567	146,387,220
Payments for the purchase of property, plant and equipment	7	9,084,222	1,380,000
Biological assets ,net	6	1,272,816	--
Right of use assets,net	8	4,793,630	2,911,197
Intangible assets,net	9	921,603	1,016,233
Total non current assets		153,959,838	151,694,650
Current assets			
Inventory	10	21,983,190	22,681,031
Trade and other receivables,net	11	23,865,254	16,292,673
Due from related parties	17	1,633,841	1,985,882
Prepaid expenses and other receivables,net	12	9,982,386	10,311,781
Cash and cash equivalents	13	83,028,982	88,057,270
Total current assets		140,493,653	139,328,637
TOTAL ASSETS		294,453,491	291,023,287
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	14	200,000,000	200,000,000
Statutory reserve		12,598,306	12,598,306
Retained earnings		38,144,028	36,883,080
TOTAL EQUITY		250,742,334	249,481,386
Liabilities			
Non-Current liabilities			
Lease liability – non-current portion	8	3,063,510	1,740,678
Long term loans – non-current portion	15	5,091,086	8,241,864
Employees’ end of service benefits	16	4,248,356	3,744,106
Total non-Current liabilities		12,402,952	13,726,648
Current liabilities			
Trade and other payables		18,677,650	14,686,444
Lease liability – current portion	8	825,098	788,922
Long term loans –current portion	15	4,755,672	4,755,671
Accrued expenses and other credit balances	18	5,249,785	3,728,230
Due to related parties	17	--	707,876
Zakat	19	1,800,000	3,148,110
Total Current liabilities		31,308,205	27,815,253
TOTAL LIABILITIES		43,711,157	41,541,901
TOTAL EQUITY AND LIABILITIES		294,453,491	291,023,287

Chief Financial
Officer

CEO & Managing Director

The accompanying notes form an integral part of these Interim Condensed Financial Statements

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

		Three-month period for the period ended		Nine-month period for the period ended	
		30 Sep 2023 Unaudited	30 Sep 2022 Unaudited	30 Sep 2023 Unaudited	30 Sep 2022 Unaudited
Sales	20	65,623,122	77,513,914	184,726,882	216,502,207
Cost of sales	21	(39,926,930)	(52,298,625)	(115,043,291)	(142,942,169)
Gross profit		25,696,192	25,215,289	69,683,591	73,560,038
Selling and distribution expenses		(8,283,200)	(7,064,607)	(24,149,532)	(20,184,455)
General and administrative expenses		(3,126,524)	(2,528,181)	(9,660,798)	(7,017,743)
Other income, net		2,657,689	484,691	7,189,662	2,708,242
Operatig profit		16,944,157	16,107,192	43,062,923	49,066,082
Finance cost		(153,173)	(87,842)	(676,847)	(566,415)
Profit before zakat		16,790,984	16,019,350	42,386,076	(48,499,667)
Zakat expense	19	(600,000)	(1,062,169)	(1,800,000)	(2,301,705)
Net profit for the period		16,190,984	14,957,181	40,586,076	46,197,962
Other comprehensive income					
Re-measurment gain of employees end of service benefits	16	324,307	295,584	674,872	384,162
Total comprehensive income for the period		16,515,291	15,252,765	41,260,948	46,582,124
Earnings per share	22	0.81	0.75	2.03	2.31

Chief Fnancial
Offieer

CEO & Managing Director

The accompanying notes form an integral part of these Interim Condensed Financial Statements.


NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

	Share capital	Statutory reserve	Retained earnings	Total
<u>for the nine-month period ended 30 september 2022</u>				
As at 1 January 2022 (Audited)	200,000,000	7,727,599	206,346	207,933,945
Net profit for the period	--	--	46,197,962	46,197,962
Other Comprehensive income	--	--	384,162	384,162
Total Comprehensive income for the period	--	--	46,582,124	46,582,124
Dividends paid	--	--	(10,000,000)	(10,000,000)
As at 30 September 2022 (Unaudited)	200,000,000	7,727,599	36,788,470	244,516,069
<u>for the nine-month period ended 30 september 2023</u>				
As at 1 January 2023 (Audited)	200,000,000	12,598,306	36,883,080	249,481,386
Net profit for the period	--	--	40,586,076	40,586,076
Other Comprehensive income	--	--	674,872	674,872
Other Comprehensive income for the period	--	--	41,260,948	41,260,948
Dividends paid	--	--	(40,000,000)	(40,000,000)
As at 30 September 2023 (Unaudited)	200,000,000	12,598,306	38,144,028	250,742,334

Chief Financial Officer



CEO & Managing Director



The accompanying notes form an integral part of these Interim Condensed Financial Statements

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

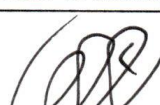
(All expressed in Saudi riyal, unless otherwise specified)

		30 Sep 2023	30 Sep 2022
	Notes	Unaudited	Unaudited
OPERATING ACTIVITIES:			
Profit before Zakat		42,386,076	48,499,667
Depreciation of property, plant and equipment	5	16,621,677	16,003,606
Amortization of intangible assets		100,114	98,597
Amortization of biological assets		103,970	--
Amortization on right-of-use asset	8	813,846	236,480
Provision for employees' end of service benefits	16	1,214,955	760,134
Finance cost		676,847	566,415
Provision for expected credit losses		91,326	--
Changes in working capital			
Inventories		697,841	(3,906,668)
Trade and other receivables		(7,663,907)	(6,420,230)
Prepayments and other debt balances		329,395	(2,438,418)
Due from related parties		352,041	(8,690,471)
Trade and other payables		3,991,206	12,903,117
Accrued liabilities and other credit balances		1,521,555	(228,370)
Due to related parties		(707,876)	837,759
Cash generated from operating activities		60,529,066	58,221,618
Employees' benefits paid		(35,833)	(60,188)
Zakat paid		(3,148,110)	(1,912,122)
Net cash flows generated from operating activities		57,345,123	56,249,308
INVESTING ACTIVITIES:			
Additions to property, plant and equipment	5	(8,796,428)	(2,521,743)
Addition to biological assets		(1,376,786)	--
Advances for the purchase of property, plant and equipment	7	(7,704,222)	
Additions to intangible assets		(5,484)	(21,100)
Proceeds from sale of property, plant and equipment		674,404	--
Net cash flows used in investing activities		(17,208,516)	(2,542,843)
FINANCING ACTIVITIES:			
Payments from loans		(3,150,777)	(2,870,699)
Finance costs paid		(537,541)	(130,588)
Payments for lease liability		(1,476,577)	(566,415)
Dividends paid		(40,000,000)	(10,000,000)
Net cash flows used in financing activities		(45,164,895)	(13,567,702)
Net change in cash and cash equivalents		(5,028,288)	40,138,763
Cash and cash equivalent at the beginning of the period		88,057,270	37,860,998
Cash and cash equivalents at end of the period		83,028,982	77,999,761
Non-cash transactions:			
Additions to the right of use assets		2,696,279	2,366,332
Remeasurment of end of service benefits		674,872	384,162

Chief financial Officer



CEO & Managing director



The accompanying notes form an integral part of these Interim Condensed Financial Statements

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

1. ORGANISATION AND ACTIVITIES

Naqi Water Company (the “Company”), a Joint stock Stock Company, registered in the city of Unaizah, Kingdom of Saudi Arabia, under Commercial Registration No. 1128018184 dated 27 Jumada Al-Akhir 1435AH corresponding to 27 April 2014.

The Company’s activity is in the production and bottling of pure filtered water.

On 7 Jumada al-Awwal 1443AH corresponding to 11 December 2021, the Board of Directors approved the company’s initial public offering plan by offering 30% of the company’s shares for initial public subscription by submitting an application and registering the securities to the Capital Market Authority and the company in the market and listing them in the financial market (“Tadawul”). On 24 Shawwal 1443AH, corresponding to 25 May 2022, the Capital Market Authority announced its approval to offer 6,000,000 shares for public subscription, representing (30%) of the Company’s shares.

The Saudi Capital Market Authority approved the listing of the company in the Saudi Stock Exchange (Tadawul) on 17 Muharram 1444AH, corresponding to 15 August 2022.

The Regulatory procedures have been completed to amend the Company’s articles of association to become a Listed Joint Stock Company on 26 Rabi’ Al-Awwal 1444AH. Corresponding to 26 October 2022, as well as Commercial Registration No. 1128018184.

The accompanying condensed preliminary financial statements include the following accounts of the company and its branches:

<u>Commercial Register Number</u>	<u>Branch Name</u>	<u>City</u>
1010603193	Naqi water company	Riyadh
1010460840	Qatrit Naqi water company	Riyadh
1128183653	Naqi water company	Unaizah
1128184884	Naqi water company	Unaizah
4030498557	Naqi water company	Jeddah

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed financial statements for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The attached interim condensed financial statements do not include all the information and disclosures required for the preparation of the annual financial statements, and they must be read in conjunction with the financial statements for the year ending on 31 December 2022, in addition to that the results of the operations of the initial periods do not necessarily represent an indication of the results of the operations of the full year.

2.2 Basis of measurement

The interim condensed financial statements have been prepared on the basis of historical cost except that the provision of defined benefit obligations are measured at the present value of the future obligations using the expected unit addition method. In addition, the interim condensed financial statements are prepared using the accrual basis of accounting and on the going concern principle.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the company’s annual financial statements for the year ended 31 December 2022.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals, which is the company's functional and presentation currency.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

2. BASIS OF PREPARATION (CONTINUED)

2.4 New and amended IFRS standards issued and effective in the year 2023

The following amendments to standards relevant to the Company are effective for the annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company adopted these standards and / or amendments, however, there is no significant impact of these on the financial statements:

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS 9 (Amendments to IFRS 4)	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2023	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
IFRS 17	Insurance Contracts and its amendments	1 January 2023	This is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements.
IAS 8	Amendment to the definition of accounting estimate	1 January 2023	These amendments regarding the definition of accounting estimates help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences
IAS 12	International tax reform (pillar two model rules)	1 January 2023	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

2. BASIS OF PREPARATION (CONTINUED)

2.5 New and amended IFRS Standards issued but not yet effective

The Company has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standards	Description	Effective from accounting period beginning on or after	Summary of amendment
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024	IFRS S1 is new standard requiring an entity to prepare and report sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. An entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related general-purpose financial statements are prepared in accordance with IFRS Accounting Standards.
IFRS S2	Climate-related Disclosures	1 January 2024	The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These are climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.
IAS 1	Classification of liabilities as current or non-current	1 January 2024	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right, and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of liability would not impact its classification.
IFRS 16	Leases on sale and leaseback	1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024	These amendments require to add disclosure requirements to enhance transparency of supplier finance arrangements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28	Deferred indefinitely	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses result from the loss of control of a subsidiary.
IAS 21	Lack of Exchangeability	1 January 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities appearing in the interim condensed financial statements and the disclosures attached to the interim condensed financial statements, and disclosures of potential liabilities and potential assets.

The assumptions and estimates are continually evaluated and they are based on past experience and other factors, including expectations of future events that are relevant to the circumstances. The company based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

The significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Going concern

The company's management has made an assessment of the company's ability to continue as a going concern, and is convinced that the company has sufficient resources to continue its business in the near future. In addition, the management has no material doubts about the Company's ability to continue as such. Therefore, the financial statements have been prepared on a going concern basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2023 and has been explained in company issued annual Financial Statements for the year ended 31 December 2022, but they do not have a material effect on the company's interim condensed Financial Statements.

NAQI WATER COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

5. PROPERTY, PLANT AND EQUIPMENT, NET

	<u>Land</u>	<u>Buildings</u>	<u>Trucks</u>	<u>Cars</u>	<u>Furniture and fixtures</u>	<u>Machinery and equipment</u>	<u>Tools</u>	<u>Computers</u>	<u>Desalination plant and laboratory equipment</u>	<u>Total</u>
Cost:										
As at 1 January 2023 (Audited)	4,750,000	35,832,164	20,250,000	10,861,231	4,112,045	121,051,134	170,028	464,291	16,162,470	213,653,363
Additions	7,350,000	97,523	--	--	219,094	258,800	411,106	92,743	367,162	8,796,428
Disposals	--	--	(810,000)	--	--	--	--	--	--	(810,000)
As at 30 September 2023 (Unaudited)	12,100,000	35,929,687	19,440,000	10,861,231	4,331,139	121,309,934	581,134	557,034	16,529,632	221,639,791
Accumulated depreciation:										
As at 1 January 2023	--	4,350,406	2,531,708	5,429,653	2,463,988	42,560,055	92,534	269,605	9,568,194	67,266,143
Depreciation for period	--	804,649	1,506,061	2,028,574	529,642	9,374,834	12,870	61,640	2,303,407	16,621,677
Accumulated depreciation of Disposals	--	--	(135,596)	--	--	--	--	--	--	(135,596)
As at 30 September 2023 (Unaudited)	--	5,155,055	3,902,173	7,458,227	2,993,630	51,934,889	105,404	331,245	11,871,601	83,752,224
Net book value:										
At 30 September 2023 (Unaudited)	12,100,000	30,774,632	15,537,827	3,403,004	1,337,509	69,375,045	475,730	225,789	4,658,031	137,887,567
At 31 December 2022 (Audited)	4,750,000	31,481,758	17,718,292	5,431,578	1,648,058	78,491,079	77,494	194,686	6,594,276	146,387,220

*On 4 July 2023, the Company entered into a contract to purchase an existing poultry project for egg production at a value of 7,000,000 Saudi riyals (seven million Saudi riyals). An amount of 4,000,000 Saudi riyals (four million Saudi riyals) was paid upon signing the contract, and the rest of the amount was paid after completing the ownership transfer procedures for the project assets and all relevant regulatory procedures. Note that there are no related parties within this deal.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

6. BIOLOGICAL ASSETS, NET

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cost:		
At 1 January	--	--
Additions period / year	1,376,786	--
Adjustment during the period / year	--	--
Balance on the end of period/year	1,376,786	--
Accumulated Amortization:		
At 1 January	--	--
Amortization during the period / year	103,970	--
Balance on the end of period/year	103,970	--
Net book value		
Balance at the end of the period/year	1,272,816	--

7. ADVANCES FOR THE PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Prepayments – Production line	1,380,000	1,380,000
Prepayments for establishment of the Riyadh factory	6,150,000	--
Prepayments - Cars	1,552,740	--
Prepayments – other	1,482	
	9,084,222	1,380,000

8. RIGHT OF USE ASSETS AND LEASE LIABILITY

8/1 right of use assets, Net

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cost:		
At 1 January	3,927,710	1,418,869
Additions period / year	2,696,279	2,366,332
Adjustment during the period / year	--	142,509
Balance on the end of period/year	6,623,989	3,927,710
Accumulated Amortization:		
At 1 January	1,016,513	485,376
Amortization during the period / year	813,846	531,137
Balance on the end of period/year	1,830,359	1,016,513
Net book value		
Balance at the end of the period/year	4,793,630	2,911,197

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

8. RIGHT OF USE ASSETS AND LEASE LIABILITY (CONTINUED)

8/2 lease liability

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	2,529,600	913,553
Additions during the period/year	2,696,279	2,366,332
Adjustments during the period/year	139,306	69,561
Interest during the period/year	--	56,731
Payment during the period/year	(1,476,577)	(876,577)
	3,888,608	2,529,600
Current portion	825,098	788,922
Non-current portion	3,063,510	1,740,678

9. INTANGIBLE ASSETS, Net

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<u>Cost:</u>		
At 1 January	1,355,478	1,334,378
Adjustments during the period/year	(44,926)	--
Additions during the period/year	5,484	21,100
Balance at the end of the period/year	1,316,036	1,355,478
<u>Accumulated Amortization :</u>		
At 1 January	339,245	207,384
Adjustment during the period / year	(44,926)	--
Amortization for the period/year	100,114	131,861
Balance at the end of the period/year	394,433	339,245
Net book value		
Balance at the end of the period/year	921,603	1,016,233

10. INVENTORY

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Raw materials	13,036,367	15,215,013
Finished goods	2,094,970	1,399,992
Spare parts	6,851,853	6,066,026
	21,983,190	22,681,031

11. TRADE RECEIVABLES, NET

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Trade receivables	25,131,308	17,467,401
Less: provision for expected credit losses	(1,266,054)	(1,174,728)
	23,865,254	16,292,673

The movement of provision for expected credit losses during the year:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period / year	1,174,728	293,953
Additions during the period / year	91,326	880,775
Balance at the ending of the period / year	1,266,054	1,174,728

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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(All expressed in Saudi riyal, unless otherwise specified)

12. PREPAID EXPENSES AND OTHER RECEIVABLES, NET

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Advances to suppliers	6,525,358	1,721,364
Prepaid expenses	2,391,289	2,301,781
Staff receivables	528,885	608,097
Checks under collection	--	5,653,198
Emplouee Custody	555,458	279,516
Other debit balances	892,821	892,821
Accrued income from time deposits	233,571	--
Deduct:		
Employee custody allowance	(892,821)	(892,821)
Other debit balances allowance	(252,175)	(252,175)
	9,982,386	10,311,781

The movement in the allowance for impairment in prepaid expenses and other receivables is as follows:

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Movement of allwance of other debit balance		
Opening balance period / year	1,144,996	1,048,051
Addition period / year	--	252,175
Reversal of the provision period / year	--	(155,230)
Ending balance period / year	1,144,996	1,144,996

13. CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Time deposits	70,000,000	60,000,000
Cash at banks	12,396,579	27,482,312
Cash on hand	632,403	574,958
	83,028,982	88,057,270

* The maturity period of deposits is less than three months from the date of acquisition according to the Islamic sharia.

14. SHARE CAPITAL

The Company's capital has been set at 20,000,000 share, the value of each share is SAR 10 (31 December 2022: 20,000,000 share, the value of each share is SAR 10).

On 6 May 2023 , the Board of Directors took its decision to submit a recommendation to the General Assembly of the Company to divide the nominal value of the share from SAR 10 per share to SAR 1 per share, while keeping the Company's capital unchanged. On October 18, 2023, the General Assembly rejected the Board of Directors' recommendation to split the nominal value of the share.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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(All expressed in Saudi riyal, unless otherwise specified)

15. LONG TERM LOANS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Non-Current portion	5,091,086	8,241,864
Current portion	4,755,672	4,755,671
	9,846,758	12,997,535

The movement of the loan during the period/ year is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/ year	12,997,535	16,851,005
Payments during period/ the year	(3,150,777)	(3,853,470)
Balance at the end of the period/ year	9,846,758	12,997,535

During 2020, the Company entered into an islamic commercial financing agreement with a bank in the amount of SAR 20,500,000. The Company used this loan to finance the acquisition of cars. The loan is subject to the interest rate of SIBOR plus 4% annually. The loan is repayable in 20 quarterly installments of equal amount for a period of 5 years. The value of the cars amounting to SAR 20,250,000 was mortgaged as a security for financing, in addition to promissory notes to the order of the lending bank, amounting to SAR 24,600,000, which were signed by the shareholders of the Company. The loan does not include financial covenants.

16. EMPLOYEES' END OF SERVICE BENEFITS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Salary growth rate	4%	4%
Discount rate	4.70%	4.35%

The following are the significant actuarial assumptions:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Current service cost at the beginning of period/ year	3,744,106	2,283,822
Formed during the period/ year	1,093,388	1,239,035
Finance cost for the period/year	121,567	59,053
paid during period/year	(35,833)	(193,315)
Actuarial (gains)/losses from remeasurement of employee end-of-service benefits during period/year	(674,872)	355,511
	4,248,356	3,744,106

The sensitivity of the employee benefit obligation obligation to changes in weighted average key assumptions is:

Factor	Change in assumption	30 September 2023 (Unaudited)	31 December 2022 (Audited)
discount rate	%1	3,923,334	3,214,725
	%1-	4,600,406	3,769,509
salary Long term	%1	4,600,304	3,769,426
	%1-	3,923,285	3,214,686
Deaths rate	%1	4,206,397	3,446,663
	%1-	4,288,899	3,514,264
turnover rates Employee	%10	4,155,741	3,388,984

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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(All expressed in Saudi riyal, unless otherwise specified)

17. TRANSACTIONS WITH RELATED PARTIES

Name of related parties	Nature of Relation	Nature of transaction	For the nine-month period ended 30 September	
			2023 (Unaudited)	2022 (Unaudited)
Seqa united group (previously Al Sadd Modern advanced company)	shareholder	Raw material purchases	50,304,401	70,842,696
		Payments	(50,602,680)	(66,530,540)
		expenses on behalf	(238,821)	4,201,361
		Collection of expenses paid on behalf	238,821	--
		Service invoices	23,405	--
		Payment of Service invoices	18,411	--
Amin Al Mallah/shareholder	Shareholder	Closing public offering project expenses in related party	--	4,201,361
		Raw material purchases	--	(217,381)
Zulal Water Factory Company	Associate	Expenses	5,392	--
		Purchase of property, plant and equipments	--	15,595
Middle East Machinery Factory Co. Ltd.	Associate	Payments	(4,187,421)	(2,243,827)
		Spare parts purchase	2,914,149	5,581,656
		Expenses	75,805	--

Due from Related parties:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Seqa united group (previously Al Sadd Modern advanced company)	1,141,906	1,978,147
Middle East Machinery Factory Co. Ltd.	489,592	--
Zulal Water Factory Company	2,343	7,735
	<u>1,633,841</u>	<u>1,985,882</u>

Due to related parties

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Seqa united group (previously Al Sadd Modern advanced company)	--	--
Al Sharq Factory Steel Industries Co. Ltd. (ASF)	--	707,876
	<u>--</u>	<u>707,876</u>

18. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Accrued Expenses	3,326,447	2,929,148
VAT	1,865,712	799,082
Advance payments	57,626	--
	<u>5,249,785</u>	<u>3,728,230</u>

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FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

19. ZAKAT PROVISION

19/1 Tax position

The Company submitted its zakat returns for all years up to the year ending on 31 December 2022 paid the due zakat obligations, and obtained a valid zakat certificate until 30 April 2024. No assessment has been made for any of the years from 2017 to date.

19/2 Zakat provision movement

Zakat provision movement during the period / year is as follow:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/ year	3,148,110	1,912,122
Formed during the period/ year	1,800,000	3,148,110
Paid during the period/ year	(3,148,110)	(1,912,122)
Balance at the end of the period/ year	1,800,000	3,148,110

20. SALES

	For the nine-month period ended 30 September 2023 (Unaudited)	2022 (Unaudited)
Wholesale sales	102,080,935	102,089,408
Retail sales	78,630,117	110,844,876
Export sales	4,015,830	3,567,923
	184,726,882	216,502,207

21. COST OF SALES

	For the nine-month period ended 30 September 2023 (Unaudited)	2022 (Unaudited)
Raw materials and inventory change	83,333,472	109,530,013
Depreciation	13,021,117	12,858,153
Salaries and other benefits	10,030,110	10,501,998
Operating expenses	8,658,592	10,052,005
	115,043,291	142,942,169

22. EARNINGS PER SHARE

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Net profit for the period	16,190,984	14,957,181	40,586,076	46,197,962
Weighted average number of shares	20,000,000	20,000,000	20,000,000	20,000,000
Earnings per share	0.81	0.75	2.03	2.31

Diluted earnings per share is the same as basic earnings per share since the company does not have any dilutive instruments.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Liquidity risk is the difficulty that an entity encounters in raising funds to meet commitments related to financial instruments. Below are the contractual maturities of financial obligations at the end of the financial year. Amounts are shown in total and not discounted.

<u>As at 30 September 2023 (Unaudited)</u>	<u>Less than one year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
Loan	4,755,672	5,091,086	9,846,758
Trade and other payables	23,869,809	--	23,869,809
Lease liability	825,098	3,063,510	3,888,608
	<u>29,450,579</u>	<u>8,154,596</u>	<u>37,605,175</u>

<u>As At 31 December 2022 (Audited)</u>	<u>less than one year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
Loan	4,755,671	8,241,864	12,997,535
Due to related parties	707,876	--	707,876
Trade and other payables	18,414,674	--	18,414,674
Lease liability	788,922	1,740,678	2,529,600
	<u>24,667,143</u>	<u>9,982,542</u>	<u>34,649,685</u>

The company manages liquidity risk by maintaining adequate reserves, bank facilities and loans, and by continuously monitoring future cash flows, as well as by matching the maturity dates of cash assets and liabilities.

Commission rate risk

Commission risk arises from the potential fluctuations in interest rates that would affect future profit or the fair values of financial instruments. The company is subject to commission risks on its commitments on which it pays commissions represented in loan balances. The company seeks to reduce the interest rate risks by monitoring potential fluctuations in interest rates and hedging these risks when needed.

Foreign exchange risk

The company's exposure to foreign currency risk is mainly limited to transactions in UAE dirhams, and the exchange rate for both the UAE dirham and the Saudi riyal is fixed against the US dollar. Thus, the risks are limited from changes in the foreign exchange rate. The following are the quantitative data related to the foreign exchange position:

	<u>UAE dirham</u>	<u>The equivalent in Saudi Riyals</u>
<u>As at 30 September, 2023 (Unaudited)</u>		
Trade payables	488,547	498,318
<u>As at 31 December, 2022 (Audited)</u>		
Trade payables	1,826,474	1,866,541

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

(All expressed in Saudi riyal, unless otherwise specified)

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit Risk

Credit risk is the risk that the company will suffer financial loss if the customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from receivables and bank balances. The carrying amount of each financial asset in the statement of financial position represents the maximum exposure to credit risk.

The company is exposed to credit risk on its bank balances and trade receivables as follows:

	30 September 2022 (Unaudited)	31 December 2022 (Audited)
Cash at bank	12,396,579	27,482,312
Time Deposits	70,000,000	60,000,000
Other debit balance	832,168	6,288,636
Trade receivables	25,131,308	17,467,401
	108,360,055	111,238,349

The carrying amount of the financial assets represents the maximum exposure to credit risk. The Company manages the credit risk related to the outstanding amounts of trade receivables by monitoring in accordance with the established policies and procedures. The company limits the credit risk related to trade receivables by setting credit limits for each customer and monitoring the outstanding trade receivables on an ongoing basis.

24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

-The Company has no contingent liabilities as of 30 September 2023 and 31 December 2022.

- The Company has capital commitments related to contracts for the construction of property, machinery and equipment that the company's management expects to complete during 2023.

The following are the details of the capital commitments:

	30 September 2022 (Unaudited)	31 December 2022 (Audited)
Total capital contracts	21,502,741	13,800,000
Advance payments for the purchase of property, plant and equipment/projects under Construction	(9,084,222)	(1,380,000)
Capital commitments	12,418,519	12,420,000

25. SEGMENT REPORTING

Operation segment

The company has one operational sector represented in the production and bottling of pure filtered water. The company's operating assets are located in its factory located in the city of Qassim, kingdom of Saudi Arabia. The main sectors of the company are presented according to the geographical sectors, The company operates in the Kingdom of Saudi Arabia and exports pure filtered bottled water to some Arab countries according to the data shown below:

Account Receivables As At	Local sales	Export sales	Total
30 September 2023(Unaudited)	180,711,052	4,015,830	184,726,882
31 September 2022(Audited)	212,934,284	3,567,923	216,502,207
Sales for the period ended	Local sales	Export sales	Total
30 September 2023(Unaudited)	24,513,640	617,668	25,131,308
30 September 2022(Unaudited)	15,889,186	774,183	16,663,369

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(All expressed in Saudi riyal, unless otherwise specified)

25. SEGMENT REPORTING (CONTINUED)

Sales By Region

<u>Region</u>	For the nine-month period ended 30 Sep	
	2023	2022
	(Unaudited)	(Unaudited)
South area	6,067,370	7,324,336
East area	13,101,145	15,804,477
North area	18,806,495	21,748,453
West area	19,414,149	22,984,641
Central area	123,321,893	143,536,961
Export sales	4,015,830	3,567,923
Other	--	1,535,416
	184,726,882	216,502,207

26. DIVIDENDS DISTRIBUTED

On 8 January 2023, the Company's Ordinary General Assembly approved the Board of Directors' recommendation to distribute cash dividends in the amount of SAR 20,000,000, which represents 10% of the Company's capital, to shareholders for the second and third interim periods of 2022, at an amount of SAR 1 per share. The cash dividends were disbursed during the first quarter in accordance with the decision of the General Assembly.

On 14 September 2023, the Ordinary General Assembly, based on the recommendation of the Board of Directors, approved cash dividend distributions in the amount of 20,000,000 Saudi riyals, which represents 10% of the Company's capital, to shareholders for the third and fourth interim period of the year 2022, amounting to SAR 1 per share. The value of cash dividends was disbursed during the financial period in accordance with the General Assembly's decision.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

28. SUBSEQUENT EVENTS

No events occurred after the date of the statement of financial position that require amendment or disclosure in these interim condensed financial statements.

29. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements for the period ended 30 September 2023 have been approved by the audit committee based on delegation from board of director on 23 Rabi' Al-thani 1445 H corresponding to 7 November 2023.